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STATE CAPITOL
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STATE OF IOWA
LEGISLATIVE FISCAL BUREAU
MEMORANDUM



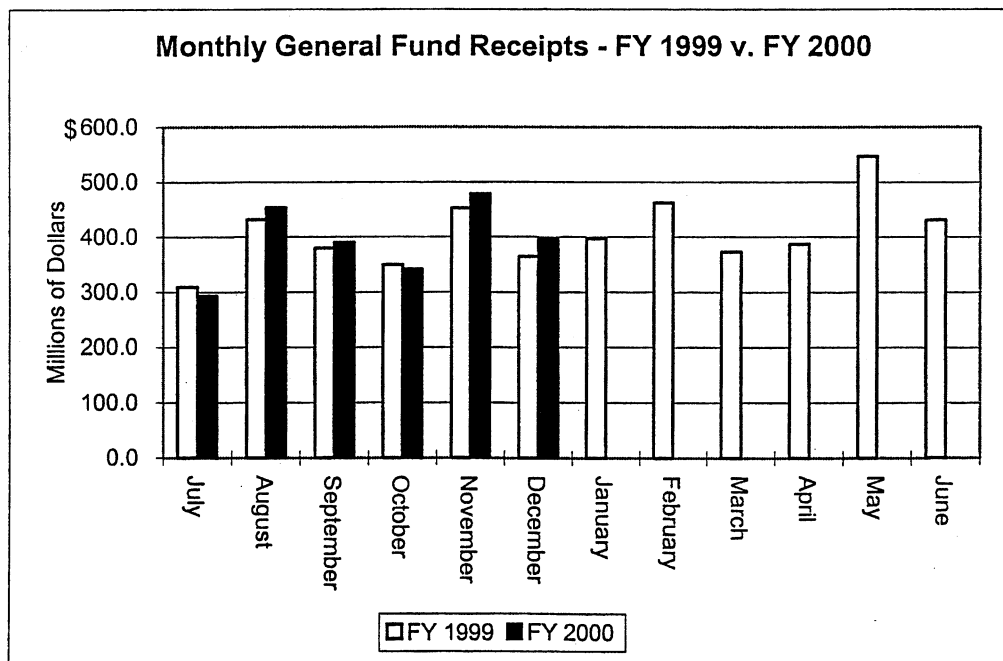
TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty *Dcp*

DATE: January 3, 2000

General Fund Receipts Through December 31, 1999

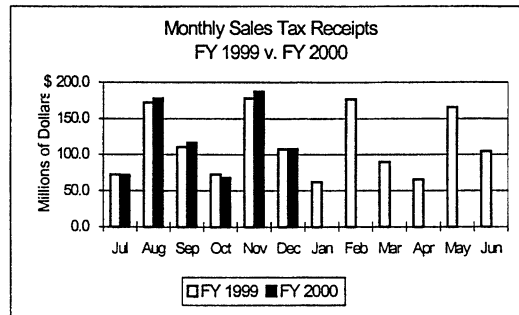
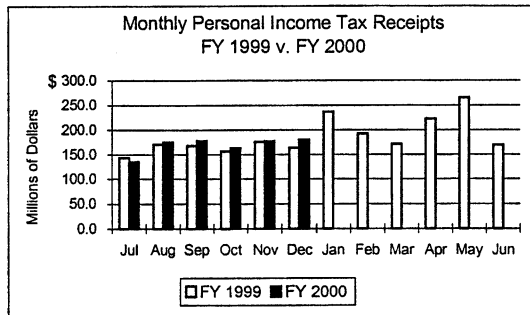
The attached spreadsheet represents total FY 2000 General Fund receipts, with comparable figures for actual FY 1999. These can be compared to the latest FY 2000 estimate (\$5.060 billion) set by the Revenue Estimating Conference (REC) on December 9, 1999. The estimate represents an increase of \$180.4 million (3.7%) compared to FY 1999.



GENERAL FUND RECEIPTS - FY 2000 vs. FY 1999					ESTIMATED GENERAL FUND RECEIPTS in millions of dollars			
July 1 through December 31, in millions of dollars					FY 99 Actual Compared to FY 00 REC Estimate			
	FY 1999		FY 2000		Year to Date		December	
	\$	% CHANGE	\$	% CHANGE	% CHANGE	% CHANGE	Estimate	% CHANGE
Personal Income Tax	977.6	3.1%	1,007.6	10.3%			\$ 2,233.7	4.4%
Sales Tax	713.2	2.3%	729.6	0.4%			1,377.5	4.3%
Use Tax	126.2	-1.3%	124.5	14.8%			242.7	2.6%
Corporate Income Tax	132.3	5.8%	140.0	39.6%			321.8	-1.8%
Inheritance Tax	49.4	46.6%	72.4	107.8%			90.1	31.3%
Insurance Premium Tax	0.4	-75.0%	0.1	n/m			114.3	4.1%
Cigarette Tax	48.1	-3.7%	46.3	-6.2%			92.3	-3.6%
Tobacco Tax	3.5	-2.9%	3.4	16.7%			6.5	4.6%
Beer Tax	6.9	2.9%	7.1	0.0%			13.1	0.0%
Franchise Tax	15.2	0.7%	15.3	28.2%			33.8	-2.7%
Miscellaneous Tax	3.9	-51.3%	1.9	-65.2%			1.1	0.0%
Total Special Taxes	\$ 2,076.7	3.4%	\$ 2,148.2	11.5%			\$ 4,526.9	4.1%
Institutional Payments	29.0	-13.4%	25.1	10.6%			49.7	-6.2%
Liquor Transfers:								
Profits	14.5	13.8%	16.5	14.3%			32.3	6.8%
7% Gross Revenue	4.5	0.0%	4.5	0.0%			9.0	0.0%
Interest	16.1	-13.0%	14.0	-30.0%			34.1	-25.2%
Fees	26.9	7.4%	28.9	6.3%			58.3	11.5%
Judicial Revenue	16.6	14.5%	19.0	n/m			48.3	10.4%
Miscellaneous Receipts	40.1	-12.5%	35.1	-67.6%			61.3	-13.5%
Racing and Gaming Receipt	60.0	0.0%	60.0	n/m			60.0	0.0%
TOTAL RECEIPTS	2,284.4	2.9%	2,351.3	8.9%			\$ 4,879.9	3.7%
							\$ 5,060.3	

FY 2000 Compared to FY 1999

Year-to-date FY 2000 revenue growth increased by \$66.9 million (2.9%) compared to FY 1999. This is below the REC estimate of 3.7% for FY 2000. Total December 1999 revenues increased \$32.6 million (8.9%) compared to December 1998.



Gross personal income tax revenues received in December were \$17.0 million (10.3%) more than December 1998. Year-to-date growth in personal income tax is \$30.0 million (3.1%) more than FY 1999.

Withholding receipts increased in December, increasing by 3.2% compared to December 1998. Year-to-date growth in personal income tax withholding payments is \$43.9 million (5.3%) more than FY 1999.

Estimate payments increased substantially in December, posting a gain of \$11.1 million (50.2%) compared to December 1998. Year-to-date growth in personal income tax estimate payments is \$15.1 million (10.7%) less than FY 1999. July and October 1998 estimate payments were very strong, but moderated through the remaining months of FY 1999. Year-to-date experience indicates that FY 2000 estimate payments will more closely follow the lower level of the second half of FY 1999.

The REC FY 2000 income tax estimate of \$2.332 billion represents a projected increase of 4.4% compared to actual FY 1999.

Sales tax receipts in December were \$0.4 million (0.4%) more than December 1998. Growth in FY 2000 sales tax stands at \$16.4 million (2.3%) compared to FY 1999. Any impact from the holiday season will likely not be seen until the middle of January at the earliest.

The REC estimate for FY 2000 sales tax receipts is \$1.436 billion, an increase of 4.3% compared to actual FY 1999.

Corporate income tax receipts in December were \$12.3 million (39.6%) more than December 1998. Estimate payments were the primary cause of the gain for December. Estimate payments received in December were \$9.0 million (31.0%) more than December 1998. Growth in overall FY 2000 corporate income tax payments are \$7.7 million (5.8%) above the FY 1999 level.

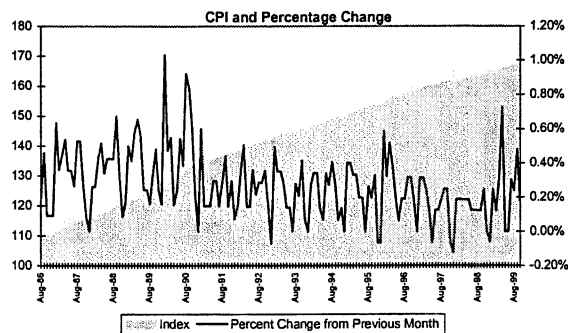
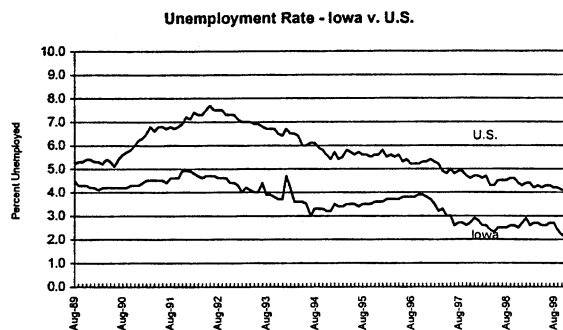
The REC projected FY 1999 corporate income tax receipts would total \$316.1 million, a decrease of 1.8% compared to actual FY 1999.

Racing and gaming receipts to the General Fund in November reached their statutory cap of \$60.0 million during November. All racing and gaming receipts in excess of \$60.0 million are deposited in the Rebuild Iowa Infrastructure Fund. As a result, activity in these accounts has little direct impact on the General Fund. The REC estimated that \$112.2 million from this source would be deposited to the Infrastructure Account in FY 2000.

Status of the Economy

The seasonally adjusted percent unemployed for the State in November fell from October's rate of 2.2% to 2.1%. The unemployment rate a year ago was 2.7%. Iowa's total November employment registered 1,539,700, down from October's level of 1,548,200. The number of unemployed persons in Iowa stood at 33,500 in November, which is down from October's level of 35,400. The U.S. unemployment rate remained unchanged in November at 4.1%.

Consumer prices in November rose by 0.2% from October's level. The Consumer Price Index (CPI-U) through November 1999 was 168.3 (1983=100), which is 2.6% higher than one year. The following series illustrate U.S. and Iowa unemployment comparisons and the CPI through November 1999.



Information related to State General Fund receipts is available electronically through the Fiscal Bureau's Electronic Publishing of Information System (EPI). If you have questions regarding this service, you may contact Glen Dickinson (515-281-4616).